

# TOWNSHIP BULLETIN

## AND UNIFORM COMPLIANCE GUIDELINES ISSUED BY STATE BOARD OF ACCOUNTS

Volume 259, Page 1

November 2002

### ITEMS TO REMEMBER

#### DECEMBER

- December 1: On or before June 1 and December 1 of each year (or more frequently if the County Legislative Body adopts an ordinance requiring additional certifications) the Township shall certify a list of the names and addresses of each person who has money due from the Township to the County Treasurer. [IC 6-1.1-22-14]
- December 20: If a school township has become a part of a school corporation organized under Chapter 202, Acts of 1959, as amended, and if the reorganized school unit is obligated for civil aid bond retirement, the trustee will receive from the school corporation an amount of money sufficient to pay civil aid bonds and coupons coming due January 1, 2003. [IC 20-4-1-35]
- December 25: Legal Holiday - Christmas Day. [IC 1-1-9-1]
- December 31: All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories. [IC 5-13-6-1(e)]

#### JANUARY

- January 1: Legal Holiday - New Year's Day. [IC 1-1-9-1]
- January 1: Set up the Financial and Appropriation Record for the year 2003, by bringing forward the fund (cash) balances at the close of the year 2002 and entering appropriations as finally adopted and approved.
- January 7: Annual meeting of township board to organize by electing one member as chairman and one member as secretary for the year. (First Tuesday after first Monday in January.) [IC 36-6-6-7]
- January 7-31: Members of the township board are to meet to organize as a township board of finance by electing one member as president and one member as secretary, each for a period of one year. During the annual meeting the investment officer shall make a written report to the investing officer's local board of finance summarizing the township's investments during the previous calendar year. The report must contain the name of each financial institution, government agency or instrumentality, or other person with whom the township invested money during the previous calendar year. The local board of finance shall do the following at the meeting:  
(1) Review the report.  
(2) Review the overall investment policy of the political subdivision. (After the first Monday and on or before the last day of January.) [IC 5-13-7-6, IC 5-13-7-7]

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|---------|-----|--|
| January | 15: | Assessment date for mobile homes defined in IC 6-1.1-7-1. [IC 6-1.1-1-2]   |
| January | 15: | Last day to make pension report and payment for fourth calendar quarter by townships participating in PERF.  |
| January | 20: | Legal Holiday - Martin Luther King, Jr.'s Birthday. [IC 1-1-9-2]   |
| January | 21: | Last day for the annual meeting of the township board for the purpose of receiving, auditing and approving the report of the township trustee for 2001 (On or before the third Tuesday after the first Monday in January.) [IC 36-6-6-9]   |
| January | 30: | Last day to file 2002 financial report, Township Form 15, with the State Board of Accounts. Use the forms sent to you or which you picked up at the State Board of Accounts meeting in Indianapolis, November 20, 2002.  |
| January | 31: | All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories. [IC 5-13-6-1(e)]   |
| January | 31: | Last day to provide each employee with a W-2.  |
| January | 31: | Last day to file quarterly 941 report for last quarter of 2002 with Internal Revenue Service.  |
| January | 31: | Last day to file Form 100R Report of Names and Compensation of all Officers and Employees, with the State Board of Accounts. Be sure to indicate the name of the township and the name of the county on page one of the form. A supply of forms for the report can be procured from your supplier of township forms. The form shall be mailed to the State Board of Accounts, 302 West Washington Street, 4th Floor, Room E418, Indianapolis, IN 46204. [IC 5-11-13-1] |
| January | 31: | Last day to make report for last quarter of 2001 to the Department of Workforce Development.   |
| January | 31: | Last day for trustee to file the copy of the Annual Report, Township Form 15, as approved by the township board, together with the 2002 vouchers, in the office of the county auditor (ten (10) days after the meeting of the township board on January 21). [IC 36-6-4-12]  |

FEBRUARY

- |          |     |  |
|----------|-----|--|
| February | 12: | Legal Holiday - Lincoln's Birthday. [IC 1-1-9-1] |
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| February | 17: | Legal Holiday - Washington's Birthday. [IC 1-1-9-1]  |
| February | 18: | Last day for publication of township trustees' Annual Report, Township Form 15, for 2001 in summary form. (Within four weeks after the third Tuesday after the first Monday in January.) [IC 36-6-4-13]                              |
| February | 28: | All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories. [IC 5-13-6-1(e)] |
| February | 28: | Last day to file withholding statement together with Yearly Reconciliation of Employer's Quarterly Tax Returns with Social Security Administration and Indiana Department of Revenue, respectively.                                  |

**QUALIFYING FOR OFFICE - OATH**

IC 5-4-1-1 states in part (a) " . . . every officer and every deputy, before entering on the officer's or deputy's official duties, shall take an oath to support the Constitution of the United States and the Constitution of the State of Indiana, and that the officer or deputy will faithfully discharge the duties of such office."

**QUALIFYING FOR OFFICE – OFFICIAL BONDS**

**OBTAIN BOND FIRST**

IC 5-4-1-9 states "An officer required to give an official bond shall give the bond before the commencement of his term of office. If the officer fails to give the bond before that time, the officer may not take office."

**COUNTY AUDITOR APPROVAL**

IC 5-4-1-8 states in part "The official bonds of officers, . . . shall be approved as follows . . . township trustee, and township assessor, by the county auditor."

**PAYABLE TO STATE**

IC 5-4-1-10 states "All official bonds shall be payable to the state of Indiana; and every such bond shall be obligatory to such state, upon the principal and sureties, for the faithful discharge of all duties required of such officer by any law, then or subsequently in force, for the use of any person injured by any breach of the condition thereof."

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AMOUNT OF BOND

IC 5-4-1-18 states in part (c) "The fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows: (1) The amount must equal fifteen thousand dollars (\$15,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2). (2) The amount may not be less than fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000)."

FILE BOND

IC 5-4-1-5.1 states in part (b) "Every elected or appointed officer, official, deputy, or employee of a political subdivision who is required by section 18 of this chapter to file an official bond for the faithful performance of duty . . . shall file the bond in the office of the county recorder in the county of residence of the officer, official, deputy or employee."

COST OF BOND

The cost on the trustee's bond is payable from the township fund. [(IC 5-4-5-2)]

OTHER BOND SITUATIONS

We have noted situations where various employees (other than bonded trustees and deputy trustees) are involved in handling cash and cash related transactions (i.e., dog tax, parks, etc.) without the township being afforded bond coverage.

We strongly recommend and encourage township officials to immediately obtain bond coverage for all employees that might be handling cash and related transactions. Township officials should also give consideration to providing crime insurance coverage.

Whenever deemed necessary by the trustee and township board to bond any employees not required by a specific statute to be bonded otherwise, such employees may be bonded by either individual or blanket bonds conditioned upon faithful performance of duties and in amounts and with surety approved by the township board by adopting a resolution in accordance with IC 36-1-3-1 et seq.

The official bonds of trustees must be written for the term of office. Continuation certificates are not acceptable and a new bond should be issued for each term of office.

No charge shall be made by the recorder of the county for recording the official bonds of any public officer, deputy, appointee or employee. [IC 36-2-7-10]

When a minimum premium is required for official bonds, townships should make certain maximum coverage is provided for the required minimum premium.

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**DESIGNATION OF TRUSTEE**

We have received inquiries concerning designating an acting Trustee under certain circumstances.

The State Board of Accounts is of the audit position that IC 36-6-4-18 provides: "(a) Within thirty (30) days after taking office, the executive shall designate a person who shall perform the executive's duties whenever the executive is incapable of performing the executive's functions because the executive: (1) is absent from the township; or (2) becomes incapacitated. The executive shall give notice of the designation to the chairman of the township legislative body, the county sheriff, and any other persons that the executive chooses. The designee shall have all the powers of the executive. The executive is responsible for all acts of the designee. The executive may change the designee under this section at any time."

"(b) The designee shall perform the executive's duties until: (1) the executive is no longer absent from the township; or (2) an acting executive is appointed by the county executive under section 16 of this chapter."

We have not received any Official Opinions of the Attorney General of the State of Indiana which would indicate that a trustee could appoint a current township board member to serve as acting trustee in a township. Potential constitutional conflicts could exist concerning the holding of two (2) lucrative offices. However, Official Opinion Number 87-22 issued November 18, 1987 of the Attorney General of the State of Indiana discussed the possibility of designating another trustee and provides: "It is, therefore, my Official Opinion that a township trustee may appoint or designate pursuant to Public Law 105-1986 (HEA 1374), a township trustee of another township to act for him while he is absent from the township or while he is incapacitated. However, if any compensation is paid to the designee for the performance of the duties of the appointing township trustee, there may be a violation of Article 2, § 9 of the Constitution of Indiana." Therefore, we are of the audit position townships should consider appointing someone who is a resident of the township not currently holding another lucrative office. Examples might be the previous township trustee, previous board members, or a current clerk in the office. Finally, we are of the audit position that we are not aware of any provision for payment of compensation to an individual designated in accordance with IC 36-6-4-18.

**RECEIVING TOWNSHIP PROPERTY AND RECORDS FROM PREDECESSOR**

IC 36-6-4-14, concerning trustees who do not succeed themselves in office, states in part "When his term of office expires, the executive shall:

- (1) immediately deliver to the new executive custody of all funds and property of the township, except records necessary in the preparation of his annual report;
- (2) deliver to the new executive, not later than the second Monday in the next January, his annual report and any records he has retained; and
- (3) attend the annual meeting of the township legislative body on the second Tuesday after the first Monday in the next January, and submit to inquiries from the legislative body concerning the operation of the executive's office during the preceding calendar year."

Therefore, the State Board of Accounts is of the audit position the trustee in office on December 31, 2002 is required to turn over all books, Township Bulletins, Township Manual, and records of the township.

The bank accounts should be in the name of the township, for example, "Clay Township, St. Joseph County", not in the name of the trustee. Therefore, if the account is properly in the name of the township, the change can be made at the bank by simply registering the authorized signature of the incoming trustee.

Township business is a continuing one; a change of office need not interrupt that business.

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We suggest the outgoing trustee prepare in duplicate an itemized inventory of equipment and other assets owned by the township on December 31, to be signed by the successor and outgoing trustee. One copy is for the outgoing trustee and one copy is to be kept by the incoming trustee as a township record.

Sometimes difficulty exists for a person in office to convey to their successor all of the knowledge gained during a term or terms of office. However, you may be able to give valuable assistance and you are urged to provide information to your successor.

**EXAMINATION OF TRUSTEE'S OFFICE**

Several trustees have requested an audit of their office at the close of office on December 31, 2002. An audit is not necessarily required for the township trustee going out of office on December 31, 2002. Properly maintained and retained records in accordance with the Public Records Law should provide a clear audit trail. Contact our Office at (317) 232-2520 if problems exist with records prior to the regular audit and we will try to assist in resolving the situation.

**TOWNSHIP BOARD OF FINANCE AND DEPOSITORIES**

The township board of finance is composed of the township board. [IC 5-13-7-5]

IC 5-13-7-6 requires that the members of board of finance shall, annually, after the first Monday and on or before the last day of January, meet and elect a president and secretary from their membership.

Please see Chapter 18 of the Accounting and Uniform Compliance Guidelines Manual for Townships for more information on Depositories and Deposits of public funds.

**FIXED ASSET RECORDS**

To ensure adequate safeguards over fixed assets, townships should maintain proper asset records. The State Board of Accounts prescribed a General Fixed Asset Account Group Form 369. Substitute computerized forms approved by the State Board of Accounts may be used.

Every governmental unit should have a complete inventory of all fixed assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable General Fixed Asset Account Group Form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records.

**Land**

The records of each governmental unit should reflect land owned, its location, its acquisition date and the cost (purchase price). If the purchase price is not available, appraised value may be used.

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Buildings

A fixed asset account for buildings should reflect the location of each building and the cost value (being the purchase or construction cost) and the cost of improvements, if applicable. If a building is acquired by gift, the account should reflect its appraised value at the time of acquisition.

Improvements Other Than Buildings

A fixed asset account should reflect the acquisition value of permanent improvements, other than buildings, which have been added to the land. Examples of such improvements are fences, retaining walls, sidewalks, gutters, tunnels and bridges. The improvements should be valued at the purchase or construction cost.

Equipment

Tangible property of a permanent nature (other than land, buildings and improvements) should be inventoried. Examples include machinery, trucks, cars, furniture, typewriters, adding machines, calculators, bookkeeping machines, data processing equipment, desks, safes, cabinets, books, etc. The value of such items should be carried in the inventory at the purchase cost. The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which equipment items will be recorded.

Construction Work in Progress

Where construction work has not been completed in the current reporting calendar year, the cost of the project should be carried as "construction work in progress." When the project is completed, it will be placed on the inventory applicable to the assigned asset accounts.

**ESTABLISHING THE ESTIMATED COST OF FIXED ASSETS**

When you are not able to determine the historical cost of fixed assets owned by a governmental unit, the following procedure should be followed.

Develop an inventory of all fixed assets which are significant for which records of the historical costs are not available. Obtain an estimate of the replacement cost of these assets. Through inquiry determine the year or approximate year of acquisition. Then multiply the estimated replacement cost by the factor for the year of acquisition from the Table of Cost Indexes. The resulting amount will be the estimated cost of the asset.

Estimated replacement cost, in some cases, can be obtained from insurance policies. However, if estimated replacement costs are not available from insurance policies, you should obtain or make an estimate of the replacement costs.

An example of estimating fixed asset cost is: if the replacement cost is estimated to be \$76,000.00 and the asset was constructed about 1930, then the estimated cost of the asset should be reported as \$6,840.00.

$$\$76,000.00 \times .09 = \$6,840.00$$

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TABLE OF COST INDEXES  
1915 to 2001

2001	1.0	1979	.41	1957	.16	1935	.08
2000	.97	1978	.37	1956	.15	1934	.07
1999	.94	1977	.34	1955	.15	1933	.07
1998	.92	1976	.32	1954	.15	1932	.08
1997	.91	1975	.30	1953	.15	1931	.09
1996	.89	1974	.28	1952	.15	1930	.09
1995	.86	1973	.25	1951	.15	1929	.10
1994	.84	1972	.24	1950	.14	1928	.10
1993	.81	1971	.23	1949	.14	1927	.10
1992	.79	1970	.22	1948	.14	1926	.10
1991	.77	1969	.21	1947	.13	1925	.10
1990	.74	1968	.20	1946	.11	1924	.10
1989	.70	1967	.19	1945	.10	1923	.10
1988	.67	1966	.18	1944	.10	1922	.09
1987	.64	1965	.18	1943	.10	1921	.10
1986	.62	1964	.18	1942	.09	1920	.11
1985	.61	1963	.17	1941	.08	1919	.10
1984	.59	1962	.17	1940	.08	1918	.09
1983	.56	1961	.17	1939	.08	1917	.07
1982	.55	1960	.17	1938	.08	1916	.06
1981	.51	1959	.16	1937	.08	1915	.06
1980	.47	1958	.16	1936	.08		

**PAYMENT BY PUBLIC EMPLOYERS OF GROUP HEALTH INSURANCE PREMIUMS**

Official Opinion 2002-5 issued October 11, 2002 by the Attorney General of the State of Indiana states in the Conclusion "The language of IND. CODE § 5-10-8-2.6 unambiguously states that public employers may pay *a part* of the cost of group health insurance premiums for their employees. Rules of statutory construction hold that an unambiguous statute must be held to mean what it plainly expresses. *N. Miami Educ. Ass'n*, 746 N.E.2d at 382. Therefore, because the statute provides that employers may only pay a part of the cost, this language cannot be expanded or construed to allow employers to pay the full amount. The existence of a collective bargaining agreement allowing employers to pay the full amount would not alter this conclusion, as courts will not enforce contract terms that run contrary to statute or public policy. *Ahuja*, 675 N.E. 2d at 707."



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